

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6913

BILL NUMBER: SB 492

DATE PREPARED: Jan 12, 2002

BILL AMENDED:

SUBJECT: Medicaid Aged and Disabled Waiver.

FISCAL ANALYST: Kathy Norris

PHONE NUMBER: 234-1360

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Office of Medicaid Policy and Planning to apply, before September 1, 2002, for an amendment to the Medicaid Aged and Disabled Waiver to: (1) include as a service under the waiver any service offered under the Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program; and (2) amend eligibility requirements to include an individual who is unable to perform at least three activities of daily living and who has an income of not more than 150% of the federal poverty level.

Effective Date: Upon passage.

Explanation of State Expenditures: This bill requires that the Office of Medicaid Policy and Planning amend the Medicaid Aged and Disabled (A & D) waiver to include any service that is offered under the CHOICE program. The bill further specifies that a service under the waiver may not be more restrictive than the corresponding service provided in the CHOICE program. The Division of Disability, Aging, and Rehabilitative Services (DDARS) staff reports that the list of services that are provided under the waiver and under CHOICE are essentially the same. The difference between the program services vary mainly in rates and providers. CHOICE is a locally controlled program: the local Area Agency on Aging (AAA) determines the providers, negotiates a local rate, and pays that rate. Rates for Medicaid waiver services are set on a statewide basis and the providers must meet Medicaid program standards. Waiver services are paid and processed through the Medicaid system. This provision may or may not have an impact on the cost of the Medicaid Waiver Program or the CHOICE program depending upon how specific services are impacted by this standardization provision. First, there appears to be no prohibition from the Secretary revising the CHOICE program to mirror the Medicaid waiver provisions. Second, waiver recipients may receive the same services, but the amount, duration, or the scope of services may vary for different reasons depending upon the specific service provided and whether it is a waiver service or provided as a Medicaid State Plan service.

The bill also requires that the Office amend the Aged and Disabled waiver eligibility requirement to require

a level of disability of being unable to perform at least three activities of daily living (ADL's). This provision should have no impact. DDARS staff report that this is already the required level of care eligibility standard for the Medicaid A&D waiver.

The bill also requires that OMPP amend the A & D waiver to increase the income eligibility standards from the current SSI level to 150% of the federal poverty level. This provision would not affect the asset limitation of \$2,000 for individuals and \$3,000 for a couple. The SSI minimum countable income in CY 2001 is \$531 for individuals and \$796 for a couple. 150% of the Federal Poverty Guideline for 2001 is \$12,885 for an individual and \$17,415 for a couple. This requirement would increase the number of people eligible to receive waiver services as long as they would also meet the asset limitations test for Medicaid eligibility. But in the absence of funded A&D waiver slots, the provision would have no fiscal impact since there is already a waiting list of 2,330 individuals who qualify at the lower income standards. If individuals meeting the higher income eligibility standards are receiving services under the more liberal CHOICE program and are moved to the Medicaid waiver, using the CHOICE funding to leverage the 62% federal Medicaid reimbursement, then some savings may accrue to the state allowing more individuals to receive services.

Explanation of State Revenues: Medicaid is a federal- and state-funded entitlement program. For every dollar spent on qualifying services in Indiana, the federal program reimburses the state 62%.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration, Office of Medicaid Policy and Planning, and the Division of Disability, Aging, and Rehabilitative services.

Local Agencies Affected: Local Area Agencies on Aging.

Information Sources: Amy Brown, Legislative liaison for FSSA, (317) 232-1149. Alison Becker, Assistant Director for Finance, DDARS; *Understanding Medicaid Home and Community Services: A Primer*, U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, October 2000; *Statewide IN-Home Services FY 2000 Annual Report*, June 30, 2000, The Family and Social Services Administration.